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U.S. BANK

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RECEIVED
JUL 27 1993
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

July 14, 1993

The Honorable James H. Quello
Chairman
Federal Communications Commission
Washington, DC 20554

Re: MM Docket No. 92-266 - Petition for Reconsideration

Report and Order and Further Notice of Proposed Rulemaking in the Matter of Implementation of Sections of the Cable Television Consumer Protection and Competition Act of 1992

Dear Chairman Quello:

As the manager of Cable TV lending for US Bank of Washington, I have banking relationships with 13 small, locally-owned cable companies in Washington, Oregon and California. I wish to express the following concerns regarding the way implementation of the Cable Television Consumer Protection and Competition Act of 1992 is impacting my clients:

First, the regulations impose an onerous burden on small cable operators. The rate benchmark calculations and regulations setting rates for rental equipment require small operators to compute pages of recordkeeping as if they are huge corporations with dozens of accountants. As you can see from line 1 of the attached Exhibit, 6 of my 13 clients do not have a full-time accountant and will have to pay someone else to do this. The money they pay will not be used for line extensions or equipment upgrades.

Second, the regulations limit the ability of small operators to expand their service into uncabled areas. The Pacific Northwest is growing rapidly and my clients typically reinvest every extra dollar from operations into plant extensions into uncabled areas. The existing rate standards, and the proposal which is being contemplated to roll back rates an additional 18% from the existing standards, will limit the ability of my clients to extend their service into uncabled areas, especially in Northern California and Western Washington.

Third, the proposal under consideration to strike the 30% penetration standard from the definition of effective competition and require cable operators to rollback rates by 18% on top of the existing 10% rollback will cause financial default and bankruptcy for many of my clients. How many small businesses could survive an overnight 30% decrease in revenues? According to my calculations, 7 of my 13 borrowers would experience a payment default on their loans if forced to reduce cable rates by 30% (see line 5 of the attached Exhibit). In light of these facts, I urge the following:

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(1) That the FCC amend the regulations to exempt cable TV companies with fewer than 5000 subscribers in each franchised community from reregulation;

(2) That the FCC not strike the 30% penetration standard from the definition of effective competition. Any additional rate rollbacks will threaten the existence of small cable companies.

(3) That Congress and the FCC consider legislation to limit reregulation just to off-air TV networks (e.g. ABC, NBC, CBS and FOX) and allow the market to determine prices for the majority of cable TV channels.

Please give me a call if I can answer any questions or be of any further assistance.

Sincerely,

David Westburg

David B. Westburg
Vice President

DW:ph

cc: The Honorable Ervin Duggan
The Honorable Andrew Barrett
Donna Searcy
Alexandra Wilson

Exhibit I
U.S. Bank of Washington Cable Clients

	July 1993	A	B	C	D	E	F	G	H	I	J	K	L	M
1	Total Employees	See Note #1	78	40	See Note #1	See Note #1	6	4	4	See Note #1	4	4	3	4
2	Accounting Staff		5	2			1	0	0		0	0	0	0
3	Cashflow/Debt Service	1.60	1.10	2.21	1.85	1.61	1.28	1.25	1.69	1.58	1.29	1.12	1.13	1.15
4	Cashflow/Debt Service assuming 30% decline in cashflow.	1.12	0.70	1.55	1.30	1.12	0.88	0.88	1.18	1.10	0.91	0.79	0.79	0.80
5	Payment Default if cashflow declines by 30%:	No	Yes	No	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes

Notes:
(1) Borrower is part of larger company with 279 employees and 15 accounting staff.
(3) Cashflow consists of earnings before interest, depreciation and taxes.
(3) Debt Service consists of interest plus principal payments due in next year.

Prepared by David B. Westburg, Vice President, U.S. Bank of Washington